

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

UBT Bancshares, Inc./United Bank & Trust

Point of Contact:	Leonard R. Wolfe, President	RSSD: (For Bank Holding Companies)	3219577
UST Sequence Number:	502	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	8,950,000	FDIC Certificate Number: (For Depository Institutions)	17477
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 30, 2009	City:	Marysville
Date Repaid ¹ :	N/A	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Total loans increased by \$11.3 million during 2010

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Agricultural real estate loans increased \$7.46 mil., Agricultural production loans increased \$6.55 mil. and consumer real estate loans increased \$1.61 million. Commercial real estate loans declined by \$4.46 million in 2010.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

Securities increased by \$16.8 million in 2010, consisting primarily of FNMA, FHLB and FFCB agency paper.

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

\$1.95 million remains with holding company UBT Bancshares, Inc. while \$7 million has been transferred as surplus and held by subsidiary United Bank & Trust

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Without the capital infusion from CPP our bank would have been forced to limit growth, or perhaps reduce deposits and loans to maintain well-capitalized status.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Organic growth has been maintained as a result of the CPP capital infusion. The capital (\$8.95 million) was received in January, 2009, and since then loans have increased nearly \$18 million, securities owned have increased \$29.1 million and deposits have increased by \$66.24 million. Without the CPP capital we would have been forced to curtail this natural increase in asset size.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Since the acceptance of \$8.95 million in CPP capital, the holding company transferred \$7 million to the bank (United Bank & Trust) in the form of surplus. This increased Tier 1 capital to levels well above "well capitalized", and retained \$1.95 million in the holding company. UBT Bancshares, Inc. continues to seek acquisition opportunities.